



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 986

Series of 2017

Subject: Amendments to the Cut-off Time for Returned Items and Other Timelines in Appendix 39 of the Manual of Regulations for Banks

The Monetary Board, in its Resolution No. 1925 dated November 16, 2017, approved the amendments to the following sections and appendix of the Manual Regulations for Banks (MORB) to change the timelines for the return by the Drawee Bank of dishonored checks to the Presenting Bank under the Check Image Clearing System (CICS), and for the Bangko Sentral reverse repurchase (RRP) facility auction, as well as specify the start and cut-off time for settlement of interbank transactions with the Bangko Sentral during normal and abnormal conditions.

Section 1. Sections X202 and X203 of the MORB are hereby amended to read as follows:

"Sec. X202 Temporary Overdrawings; Drawings Against Uncollected Deposits. The following regulations shall govern temporary overdrawings and drawings against uncollected deposits (DAUDs).

a. *Temporary overdrawings.* Temporary overdrawings against demand deposit account (DDA) shall not be allowed, unless caused by normal bank charges and other fees incidental to handling such accounts.

xxx

Technical overdrawings arising from *"force posting"* in-clearing checks shall be debited by banks under *"Returned Checks and Other Cash Items (RCOCI)"* which is part of *"Other Assets"* in the Balance Sheet. Items to be lodged under this account shall consist only of in-clearing checks which may result in *"technical overdrawn"* accounts.

In case a check clearing item is dishonored, the Drawee Bank shall generate the pertinent electronic documents¹ on the dishonored clearing item due to insufficiency of funds and electronically submit the same to the Presenting Bank within the prescribed period, or not later than the cut-off time indicated in Appendix 39 for returned items

Peso DDAs maintained by foreign correspondent banks with UBs/KBs shall not be subject to the above-mentioned regulations: *Provided, That:*

xxx

b. *DAUDs.* DAUDs shall be prohibited except when the drawings are made against uncollected deposits representing manager's/cashier's/treasurer's checks, treasury warrants, postal money orders and duly funded *"on us"* checks which may be permitted at the discretion of each bank.

"Sec. X203 Returned Checks.

a. Checks without sufficient funds/with stop payment orders.

To complement the provisions of Batas Pambansa Blg. 22, (An Act Penalizing the Making or Drawing and Issuance of a Check Without Sufficient Funds or Credit), the following regulations shall govern checks drawn against insufficient funds and checks drawn against closed accounts:

- (1) xxx
- (2) xxx
 - (a) xxx
 - (b) xxx
- (3) xxx
- (4) xxx

b. Checks dishonored due to technical reasons. xxx

c. The Drawee Bank shall transmit the electronic documents¹ relative to the dishonor to the Presenting Bank within the prescribed period or not later than the cut-off time indicated in Appendix 39 for returned items in accordance with the following procedures:

(1) The settlement of interbank transactions vis-à-vis covering reserve requirement/deficiency of banks' DDA is shown in *Appendix 39*.

(2) The AM clearing window for clearing items dishonored due to insufficiency of funds or credit, technical reasons, closed account and/or stop payment order shall be conducted from 4:31 PM of the same day up to the cut-off time indicated in Appendix 39 for returned items.

(3) xxx"

Section 2. Appendix 39 on Settlement of Interbank Transactions vis-a-vis Covering Reserve Requirement/Deficiency of Banks' Demand Deposit Account with the Bangko Sentral (*Appendix to Secs. X202 and X203*) of the MORB (attached as Annex A) is also amended to indicate the changes in the timelines.

Section 3. Effectivity. This Circular shall take effect fifteen (15) calendar days after publication in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


NESTOR A. ESPENILLA, JR.
Governor

29 December 2017

**SETTLEMENT OF INTERBANK TRANSACTIONS VIS-À-VIS
COVERING RESERVE REQUIREMENT/DEFICIENCY OF
BANKS' DEMAND DEPOSIT ACCOUNT WITH THE
BANGKO SENTRAL
(Appendix to Sections X202 and X203)**

Start Time	Agency Involved	Activities	Cut-off Time
Current Day (T+0)			
9:00 AM	PCHC	Regular check clearing processing window	4:30 PM
9:00 AM	Various	Start of PhilPaSS business hours	
		Beginning balances generated for PhilPaSS-DDA Regular window for same day interbank transactions Posting/Settlement of other DDA transactions (i.e. BTr and other Bangko Sentral departments)	
		- Bank payment of OLF converted from ILF availed (value T-0) - Bangko Sentral ECWS transactions - Cash deposits with Bangko Sentral Head Office and Regional Offices - OFW remittances via PhilPaSS-REMIT - ATM transactions - BTr-GS sale/purchase via DvP - PCHC-EPCS Results - PDS Settlement Highway for GS-eDvP - BSP-DLC Collection of OCL availed (value T-0) - PDS Settlement Highway for USD sale/purchase peso-leg) via PVP - Interbank borrowings/Lending - E-Rediscounting	11:00 AM 12:00 Noon 2:00 PM 3:00 PM 4:00 PM - do - - do - - do - 5:00 PM 5:45 PM - do - - do -
9:00 AM	BTr	Banks' availment of ILF loan	10:00 AM
10:01 AM	BSP-TD	Grant/Credit of ILF loan proceeds to bank's DDA Collection (on demand) of ILF loan availed	5:00 PM 5:00 PM
10:00 AM	BSP-TD	Bangko Sentral Monetary Operations: - TDF (bid submission at 9:30AM) - Outright GS purchase and sale - OLF / Conversion of Unpaid ILF to OLF - ODF	10:30 AM 5:00 PM 5:15 PM 5:30 PM
10:00 AM	BSP-PSO	PhilPaSS settlement cut-off of Bangko Sentral TDF, Outright GS purchase and sale/OLF/ODF	5:45 PM
4:30 PM	BSP-PSO	Posting of PCHC ECCS results	4:45 PM
4:30 PM	BSP-TD	Bangko Sentral Monetary Operations - Overnight RRP	5:00 PM
4:30 PM	BSP-PSO	PhilPaSS settlement cut-off of Bangko Sentral Overnight RRP	5:45 PM
4:45 PM	BSP-PSO	Interbank window for end-of-day liquidity/reserve position	5:45 PM
6:00 PM	BSP-PSO	PhilPaSS close of business	
6:00 PM	BSP-PSO	Release of final copy of PhilPaSS DDA balance via MT950 (end-of-day DDA balance before AM returns clearing)	6:30 PM
		Release of notice to PCHC of the amount available for settlement of the bank's clearing losses, if greater than DDA	
6:00 PM	PCHC	Receipt of Bangko Sentral notice of the amount available for settlement of the bank's clearing losses, if greater than DDA	6:30 PM
Next Day (T+1) – Normal Conditions			
2:00 AM	PCHC	Returned COCI receiving window	8:00 AM
8:01 AM	BSP-PSO	Posting/settlement of PCHC AM returns (back value T+0)	8:15 AM

Annex A

Start Time	Agency Involved	Activities	Cut-off Time
8:16 AM	BSP-PSO	Interbank trading and settlement window for losses in AM returns (back value T+0)	8:59 AM
	BSP-DLC	Availment of OCL by Banks (back value T + 0)	8:59 AM
	BSP-TD	Bangko Sentral-OLF window for losses in AM returns (back value T + 0)	8:45 AM
8:16 AM	BSP-PSO	PhilPaSS settlement cut-off of Bangko Sentral OLF (back value T+0)	8:59 AM
9:00 AM	BSP-PSO	DDA balances (T+0) available on demand via PhilPaSS Participant Browser (PPB)	9:00 AM
9:00 AM	BSP-PSO	PhilPaSS business hours – Value T + 1	5:45 PM
Next Day (T+1) – Abnormal Conditions (Extended End-of-Day Procedures)			
2:00 AM	PCHC	Returned COCI receiving window	8:00 AM
8:01 AM	BSP-PSO	Posting/settlement of PCHC AM returns (back value T+0)	8:15 AM
8:16 AM	BSP-PSO	Interbank trading and settlement window for losses in AM returns (back value T+0)	9:59 AM
8:16 AM	BSP-DLC	Availment of OCL by Banks (back value T + 0)	9:59 AM
	BSP-TD	Bangko Sentral Monetary Operations trading window on an extended EOD basis (back value T+0) • Overnight RRP (bid submission at 8:16 AM) • OLF • ODF • TDF	9:30 AM 9:30 AM 9:30 AM 9:30 AM
8:16 AM	BSP-PSO	PhilPaSS settlement of Bangko Sentral OLF, ODF, TDF and RRP (back value T+0)	9:59 AM
10:00 AM	BSP-PSO	DDA balances (T+0) available on demand via PhilPaSS Participant Browser (PPB)	10:00 AM
10:01 AM	BSP-ITSS	Housekeeping Procedures	12:59 PM
1:00 PM	BSP-PSO	PhilPaSS business hours – Value T + 1	5:45 PM

List of Acronyms

ATM – Automated Teller Machine
 BTr – Bureau of the Treasury
 DDA – Demand Deposit Account
 DVP – Delivery versus Payment
 ECCS – Electronic Cheque Clearing System
 ECWS – Electronic Cash Withdrawal System
 eDvP – Enhanced Delivery versus Payment
 EPCS – Electronic Peso Clearing System
 GS – Government Securities
 ILF – Intraday Liquidity Facility
 OFW – Overseas Filipino Workers
 OCL – Overdraft Credit Line
 ODF – Overnight Deposit Facility
 OLF – Overnight Lending Facility
 PDS – Philippine Dealing System
 PvP – Payment versus Payment
 RRP – Reverse Repurchase Agreement
 TDF – Term Deposit Auction Facility
 (T-0) – Banking day prior to Current Day